

VZCZCXRO4800
PP RUEHBZ RUEH DU RUEHJO RUEHMR RUEHRN
DE RUEHSB #0468/01 1491114
ZNR UUUUU ZZH
P 281114Z MAY 08
FM AMEMBASSY HARARE
TO RUEH/SECSTATE WASHDC PRIORITY 2952
INFO RUCNSAD/SOUTERN AFRICAN DEVELOPMENT COMMUNITY
RUEHUJA/AMEMBASSY ABUJA 1980
RUEHAR/AMEMBASSY ACCRA 2003
RUEHS/AMEMBASSY ADDIS ABABA 2124
RUEHBY/AMEMBASSY CABERRA 1401
RUEHDK/AMEMBASSY DAKAR 1759
RUEHKM/AMEMBASSY KAMPALA 2180
RUEHNR/AMEMBASSY NAIROBI 461
RUEAIIA/CIA WASHDC
RUEHGV/USMISSION GENEVA 164
RHEHAAA/NSC WASHDC
RHMFISS/JOINT STAFF WASHC
RUEHC/DEPT OF LABOR WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHEFDIA/DIA WASHDC//DHO-7//
RUCPDC/DEPT OF COMMERCE WASHDC
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK//DOOC/ECMO/CC/DAO/DOB/DOI//
RUZEHAA/CDR USEUCOM INTEL VAIHINGEN GE//ECJ23-CH/ECJ5M//

UNCLAS SECTION 01 OF 03 HARARE 000468

SENSITIVE
SIPDIS

AF/S FOR S. HILL
NSC FOR SENIOR AFRICA DIRECTOR B. PITTMAN
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN
TREASURY FOR J. RALYEA AND T.RAND
COMMERCE FOR BECKY ERKUL
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS

E.O. 12958: N/A
TAGS: [PREL](#) [EAGR](#) [EMIN](#) [EFIN](#) [ETRD](#) [EINV](#) [MARR](#) [CH](#) [ZI](#) [ASEC](#)
SUBJECT: CHINA'S ENGAGEMENT IN ZIMBABWE

REF: A. SECSTATE 41697
[1](#)B. HARARE 459

[1](#)1. (SBU) Per Ref A request, the following information is provided on Zimbabwe-Chinese relations. China's engagement in Zimbabwe covers economic, commercial, political and military spheres. Economic ties are strongest in the construction, agriculture, and mining sectors, but actual investment has been considerably weaker than numerous memoranda of understanding dependence in the 1970s, and strengthened with the introduction of Zimbabwe's "Look East" policy in 2003. Zimbabwe's Ministry of Industry and International Trade declined to provide us official bilateral trade statistics or information on Chinese investment in Zimbabwe.

More MOUs Than Investment

[1](#)2. (SBU) Despite publicity surrounding the signing of numerous Memoranda of Understanding, Chinese firms have made few investments in Zimbabwe. State-owned China Aerotechnology Import and Export Corporation (CATIC), for example, entered into an investment understanding valued at US\$400 million with the Zimbabwe Electricity Supply Authority (ZESA) for the refurbishment of power plants in 2005, but never put any funds in the project. Chinese construction companies entered the Zimbabwe market in the 1980s with the building of the National Sports stadium in Harare by the Gansu Province Construction Company, but financing shortfalls on the part of the GOZ derailed subsequent recent construction projects. In 2007, Chinese International Water and Electrical (CWE) was awarded a tender to construct the Gwayi-Shangani dam and lay a 32 kilometer pipeline linking the Mtshabezi and Mzingwane

dams in drought-prone Matabeleland North province. Construction came to a halt, however, when the GOZ failed to meet a "cash-upfront" demand of the Chinese company. In addition, the GOZ failed to raise funds to purchase the 300,000 tons of cement required for the project. The Jiang Su Province Construction Company also stopped refurbishment work on the National Sports stadium due to non-payment for work done and lack of cement.

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Ag Trade Focuses on Equipment, Chemicals, Tobacco
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¶3. (SBU) Chinese engagement in the provision of agricultural equipment, agro-chemicals and fertilizer has been more fruitful. According to Mutasa Dzinotizei, Principal Director in the Ministry of Finance, China funded agro-based projects worth US\$250 million in 2007. The government press reported that the deal was concluded during a visit by a member of the Chinese Politburo to Harare in 2006 and that it involved a straight swap of agricultural goods for tobacco.

¶4. (SBU) Andrew Fer